

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

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MEMORANDUM FOR: Director of Central Intelligence
: Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : Milton Kovner
: National Intelligence Officer for Western Europe

SUBJECT : Monthly Warning Meeting: Western Europe

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US-Greek Base Negotiations

2. As we enter this week the fifth -- and perhaps most crucial -- round of discussions on a new agreement for the maintenance of US military facilities in Greece, prospects for a successful conclusion remain uncertain. While most analysts believed that Papandreou wished to conclude an accord, provided its terms could be persuasively justified to the Greek public, at least one maintained that in the absence of agreement on two critical issues -- that of the duration of the agreement and a textual commitment by the US to maintain the military balance between Greece and Turkey -- it would be difficult for the Greek leader to garner support for it from his party's own left wing, the Communists and, indeed, from those on his right who share his interests in exacting maximum concessions from the US. Others argued that Papandreou's options were, in fact limited: failure to conclude an agreement would exacerbate Greek insecurities vis-a-vis Turkey and almost certainly impact on Greece's ability to elicit further military assistance to sustain the military deterrent capability it deems so essential to its security.

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NIO/WE suggested that the Greek government had at least two options: (1) accept the agreement with its perceived shortcomings -- particularly on the duration issue -- and during the parliamentary ratification process declare its intention not to renew the agreement after its initial five year term if, in the interim, it has not proved beneficial to Greek interests; and (2) seek to subject the issue to public referendum, a process others agreed would be fraught with political risk. Given the Greek [redacted] impending parliamentary recess at the end of June -- a third option could not be excluded: a unilateral declaration by the Greeks that the talks have failed, a freezing of all operations at the bases not expressly authorized by the Greek government and, against the backdrop of their limited effectiveness, a call for a new round of talks in the Fall.

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Prospects for More Student Demonstrations

4. Student unrest, brought on by an unusual combination of liberal university entrance requirements and newly instituted exams for channeling students into less popular technical fields, will not severely test the Socialist government's stability. The outbreak of student riots in Paris has provided an opportunity for other groups -- including French farmers, right wing extremists and "punk" youth -- to express their own dissatisfactions, but they have found little resonance among other important interest groups or the general public. Labor unrest can be expected but will not represent a serious threat to the Socialist government unless the diverse trade union groups are able to unite against Mitterrand's austerity measures. Analysts do not anticipate much French backsliding on the announced "belt-tightening" over the next several months, despite the fact that the Socialist leftwing and the Communist Party (PCF) have become increasingly

uncomfortable with the government's economic policies. President Mitterrand's recent statements also downplay protectionism and separate French policies in managing economic recovery, suggesting that he does not rule out broad Western agreement at Williamsburg on economic and monetary issues.

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